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COPY NO.

N.I.A. 8th Meeting

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NATIONAL INTELLIGENCE AUTHORITY

Minutes of Meeting held in Room 214,
Department of State Building,
on Wednesday, 16 October 1946, at 11:15 a.m.

MEMBERS PRESENT

Acting Secretary of State Dean Acheson, in the Chair
Secretary of War Robert P. Patterson
Secretary of the Navy James Forrestal
Fleet Admiral William D. Leahy,
Personal Representative of the President
General Hoyt S. Vandenberg,
Director of Central Intelligence

ALSO PRESENT

Under Secretary of the Navy John L. Sullivan
Mr. William A. Eddy, Special Assistant to the
Secretary of State for Research and Intelligence
Assistant Secretary of State Donald Russell
Mr. John D. Hickerson, Department of State
Mr. Dean Rusk, War Department
Captain Robert L. Dennison, USN
~~Colonel William H. ...~~
Mr. Edward R. Saunders, CIG

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Mr. James S. Lay, Jr., Secretary, N.I.A.

~~SECRET~~
NIA 8th Meeting

HS/HC-245

SECRET1. CENTRAL INTELLIGENCE GROUP BUDGET FOR FISCAL YEAR 1948

SECRETARY ACHESON said that he had received a recommendation by the CIG Budget Review Board that the NIA approve and sign an authorization to the Director of Central Intelligence to submit a budget of specified amount for the fiscal year 1948. He said that General Vandenberg had been asked to talk to the NIA about this recommendation.

GENERAL VANDENBERG explained that he did not think the NIA wanted a detailed discussion of this proposed budget, but he had brought men along who could explain any point the NIA questioned.

SECRETARY FORRESTAL asked how much money the CIG planned to spend during the current fiscal year.

GENERAL VANDENBERG stated the amount now available to CIG for the conduct of present operations. He explained that many of the CIG personnel, were now being paid by the participating departments rather than by CIG. In 1948 it was proposed that CIG would reimburse the departments for any personnel assigned to CIG. He felt that this was proper since CIG would be submitting a separate budget for 1948.

SECRETARY ACHESON asked whether this meant that the proposed budget was not based upon the present Presidential directive establishing NIA and CIG.

GENERAL VANDENBERG stated that the proposed budget was based on the present Presidential directive. He said that it was designed to cover CIG activities which would grow out of existing NIA directives. He explained that it was visualized that this budget would necessarily be larger than normal during the period of training and establishment of overseas operations. Once personnel had been established in overseas posts, expenses would only be required to take care of normal turnover of personnel. It was contemplated, therefore, that this might be the highest budget CIG would have to submit.

SECRETARY PATTERSON asked for an explanation of the breakdown of vouchered and unvouchered funds.

GENERAL VANDENBERG explained that this contemplated using vouchered funds for domestic activities and unvouchered funds for all foreign activities. He said they used this basis for vouchered funds in an effort to approximate the basis used by other Government departments. He said that he would like to keep unvouchered funds to a minimum necessary to safeguard security.

SECRETARY ACHESON asked what the proposed budget would be if personnel were not assigned from departments on a reimbursable basis.

GENERAL VANDENBERG said that he was unable to estimate such a figure since he did not know how many CIG personnel would be service personnel or others assigned from departments. He explained that this budget was based on the total personnel required, including any service personnel at their comparable civilian grades and salaries. He said that if NIA so desired, he would attempt to make another guess, but explained that it would be very difficult to arrive at a more accurate estimate at this time.

SECRET
NIA 8th Meeting

SECRET

ADMIRAL LEAHY agreed that this budget was bound to be nothing more than a guess.

SECRETARY ACHESON believed that the budget people would raise the point that the reimbursable feature in this budget would undoubtedly create some duplication between CIG and the departmental budgets.

GENERAL VANDENBERG stated that this point had already been discussed with the Bureau of the Budget.

ADMIRAL LEAHY questioned the size of the estimate for Personnel and Administration.

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[REDACTED] granted that this figure might look large, but explained that it was designed to furnish support for all CIG activities at home and abroad. He said that CIG had used the experience of the Joint Logistics Plans Committee and the Army Service Forces, which indicated that 25% for support was the best planning figure. This proposed budget was based on the assumption that CIG would not depend on the departments for any supplies or support. Therefore, the CIG figure was actually less than the normal 25% planning figure. Of this, a large proportion would be engaged in communications work alone. In addition, all supplies and services for all CIG offices are included in the figures shown for Personnel and Administration.

ADMIRAL LEAHY expressed the belief that many of the functions enumerated were now being performed by existing agencies who might be able to handle CIG requirements more economically.

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[REDACTED] said that this procedure would be questionable since it would jeopardize security in the purchase and shipment of supplies. He also noted that the actual number of personnel engaged in normal procurement, supplies, personnel, and medical activities was actually very small for the size of the organization.

ADMIRAL LEAHY then expressed the feeling that the budget for Research and Evaluation looked rather large.

SECRETARY FORRESTAL asked how many people OSS had engaged in similar activities.

MR. RUSSELL said that OSS had at one time about 1,400 engaged in research. He explained, however, that the State Department had taken over the remainder of that organization and, therefore, State's research personnel should be added to the CIG figure if they were to be compared with OSS.

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[REDACTED] noted that OSS had not attempted to cover Latin America or General MacArthur's theater, as CIG would do. He also explained that the departments had asked CIG to investigate taking over the Washington Document Center. CIG had also been asked to establish an information center. He said that the Research and Analysis Branch of OSS had been used only because it was considered the best norm for estimating purposes, except that CIG would cover much more territory in their activities.

ADMIRAL LEAHY asked what the Washington Document Center was.

GENERAL VANDENBERG explained that this unit was exploiting documents from Japan for certain intelligence purposes. He explained that it was not a permanent unit, but will probably complete its work in about a year and a half.

SECRET
NIA 8th Meeting

- 2 -

SECRET

MR. RUSSELL noted that if the CIG budget was based on the former OSS Research and Analysis Branch, this would create complications, since the State Department has already asked for funds for the successor to that Branch.

GENERAL VANDENBERG explained that CIG had not used OSS as a basis in order to establish a similar or duplicative unit. CIG had only used OSS as an example of the research personnel required to cover certain areas of the world. He explained that CIG required this research personnel to put together the finished intelligence from the departments plus information collected by CIG itself, and to give all this material a national slant. He noted that even when CIG receives finished intelligence from the departments, CIG still has to analyze it and find out whether it is pointed up from a national point of view. Each agency normally prepares intelligence from its own departmental viewpoint. There must, therefore, always be in CIG a research unit which looks at the intelligence from the viewpoint of all departments rather than any one. He assured NIA that CIG was not going to do the same research done by the departments, but rather would cover marginal areas and fill gaps not covered by any department.

MR. EDDY stated that originally the figure for CIG Research and Evaluation had struck him as being rather large. Further examination indicated that CIG was being asked to do research on large areas which no department can do. He thought that CIG might well have to build up its research organization to the size indicated in the budget.

GENERAL VANDENBERG assured the NIA that CIG had no intent to infringe upon the fields of primary interest to the departments. He noted that both he and the members of the Intelligence Advisory Board were watching that point very carefully.

MR. RUSSELL asked if CIG could not call its office something other than Research and Evaluation. He explained that this name was so similar to that used by the State Department that it might cause difficulty in obtaining appropriations since it would appear to involve duplication.

GENERAL VANDENBERG agreed that he would change the name of the CIG office.

ADMIRAL LEAHY asked what objection the NIA would have to authorizing the Director of Central Intelligence to proceed to attempt to obtain the proposed budget. He thought that if this amount could be obtained it could certainly be used judiciously in furnishing intelligence services. If there was a possibility of obtaining this amount, he thought General Vandenberg should at least try to get it. If the budget should be cut, it would then be necessary to cut the cloth to fit the reduced amount.

SECRETARY FORRESTAL asked what Congressional committee General Vandenberg had appeared before.

GENERAL VANDENBERG said that he had always appeared before the Appropriations Committee.

COLONEL HARRIS explained that the plan was to hide the CIG budget in the various departmental budgets. Then at an agreed time, as arranged by the Bureau of the Budget, General Vandenberg would appear before the Appropriations Committees to justify the CIG budget as a unit.

SECRET
NIA 8th Meeting

S E C R E T

25X1A9a

[REDACTED] in answer to a question by Secretary Forrestal, said that only two individuals in the Bureau of the Budget saw the integrated CIG budget.

GENERAL VANDENBERG explained that both of these men have been investigated for security by CIG.

SECRETARY PATTERSON asked what the final form of the CIG budget would be. He wondered whether it would appear anywhere as so many dollars for CIG activities.

GENERAL VANDENBERG said that it would appear nowhere in that form.

SECRETARY FORRESTAL said it was his understanding that it would be buried in the budgets of the various departments.

GENERAL VANDENBERG confirmed that this was the arrangement which had been worked out with the concurrence of the Bureau of the Budget.

SECRETARY ACHESON, in answer to a question by Admiral Leahy, said that this meeting had been called at his request. He had thought it would be wise, before approving a budget of this size, to have a clear idea as to why this action had been taken. He thought that the discussion had been very helpful in that regard.

SECRETARY FORRESTAL stated that the important thing, as he was sure General Vandenberg realized, was that CIG should screen the use of its money, particularly its personnel, so that there would be no revulsion in the next Congress.

MR. RUSSELL then made a helpful suggestion as to the basis for estimating the proportion of vouchered and unvouchered funds.

THE NATIONAL INTELLIGENCE AUTHORITY:

Approved and signed a memorandum authorizing the Director of Central Intelligence to submit a budget of specified amount for the fiscal year 1948.

SECRET
NIA 8th Meeting

- 4 -